Labour Market

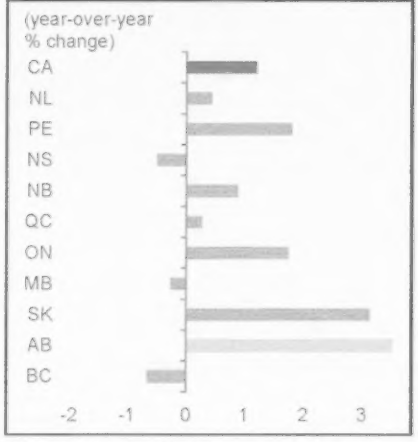
NOTES ■ October 2013

Alberta unemployment rate drops to 4.3%

Alberta

- Unemployment rate drops. Alberta's unemployment rate fell by a half-percentage point to 4.3% in September. The drop was largely the result of a decrease in the labour force, likely due to more young workers than usual returning to school.
- Employment edges up. Alberta gained 4,000 positions in September, the seventh month of gains this year. The new jobs created in September were all full-time positions (+7,500). The flooding in southern Alberta, and subsequent recovery efforts, have likely boosted the monthly job numbers.
- Year-over-year job growth rate highest among the provinces. Alberta has gained 80,300 jobs since September 2012, an increase of 3.7%. Year-over-year employment growth has now accelerated for seven straight months.
- Service sector continues to drive job growth. Service sector employment gains of 6,400 were propelled by the 'other services' classification (+6,300). Conversely, employment in the goods-producing sector fell by 2,400 in September, despite the industry leading gain from forestry, fishing, mining, and oil and gas (+7,600).
- Weekly earnings slip in July. Average weekly earnings edged back in July to $1,098, but were 1.6% higher than the same month last year.

Employment Growth by Province, Sept. 2013 vs. Sept. 2012



Source: Statistics Canada

Canada

- Canadian economy adds jobs. Canadian employment increased by 11,900 in September, driven by gains in the finance, insurance, real estate and leasing industry. Quebec (+15,000), Alberta (+4,000) and New Brunswick (+2,800) led the gains. Canada has gained 212,400 jobs (+1.2%) since September 2012.
- Unemployment rate edges down. The Canadian unemployment rate decreased by 0.2 percentage points to 6.9% in September, the lowest rate since December 2008.
- Weekly earnings dip. Canadian average weekly earnings were $914 in July, a slight decrease from June, but a 1.3% gain over the same month last year.

Alberta Labour Market Indicators

Indicator	September or Latest*
Employment	2,236,400
month-over-month change	4,000
year-over-year % change	3.7%
Alberta Unemployment Rate (UR)	4.3%
Edmonton UR**	5.2%
Calgary UR**	4.8%
Participation Rate	73.1%
Average Weekly Earnings (AWE)	$1,097.63
year-over-year % change	1.6%
Average Hourly Wage	$28.13
year-over-year % change	2.7%
Job Vacancy Rate**	2.4%

Source: Statistics Canada

* All data is from the Labour Force Survey for September except AWE, which is from the July Survey of Employment, Payrolls and Hours (SEPH), and the job vacancy rate from June.

** This indicator is calculated as a three-month moving average and is not seasonally adjusted.

For definitions of the data indicators discussed in this publication, please see the second page of August 2012's Labour Market Notes

A balancing act: Alberta's labour market

In last month's labour market insight, we explored the impact of Alberta's soaring population on the labour market, showing that strong inflows of migrants has been accompanied by rising entry into Alberta's labour force. This month, we provide a more in-depth look at how population growth has kept the labour market balanced, despite persistent employment growth.

Job growth sustains momentum

Alberta's employment growth rates were the highest among the provinces in both 2011 and 2012. This momentum has carried through to 2013. In the last two months, year-over-year job growth has exceeded 3.5%, well above the ten-year average of 2.6%.

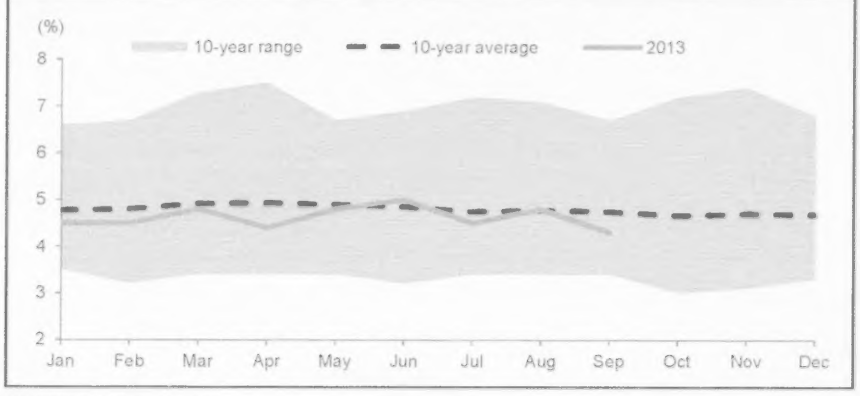
Labour market simmers

While employment growth has remained high, there are few signs that the general labour market is overheating. So far this year, the unemployment rate, a major indicator of labour force tightness, has held to a range between 4.3% to 5.0% (chart 1). This is roughly in line with Alberta's ten-year average, and well above the 3% unemployment rate experienced between 2005 to 2008, a period of exceptional employment growth.

Job vacancies also point to a labour market that is strong, yet not overheating. The overall number of vacancies has fallen from a peak of 3.5% in April 2012, and has held steady around 2.5% this year.

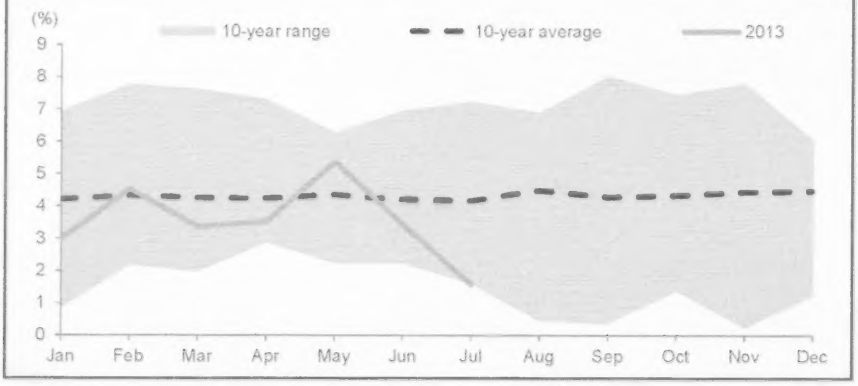
Finally, as shown in chart 2, strong job growth in Alberta has not translated into unsustainable wage growth. So far this year, average weekly earnings growth (AWE) has been fairly moderate relative to the last 10 years. AWE year-over-year growth has exceeded the ten-year average only twice in 2013 and recently moderated to 1.6% in July, the lowest reading for that month in the last 10 years.

Chart 1: Alberta's Unemployment Rate



Source: Statistics Canada

Chart 2: Alberta's Average Weekly Earnings Growth (year-over-year)



Source: Statistics Canada

Population growth keeps labour market healthy

Alberta's labour market remains balanced as historically high population growth helps to fill the jobs of our growing economy. Alberta's population growth in the 2013 census year was the highest since 1982. The province has led the country in population growth for the last two years, in large part due to record high in-migration. The wave of newcomers to Alberta's labour market has helped meet the high demand for workers and keep the province's labour market on a productive path.

Conclusion

A number of indicators point to a strong and relatively balanced labour market. Surging population has played a key role: boosting the province's supply of labour, filling vacancies, and keeping wage pressures contained.

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